

# **UNEMPLOYMENT INSURANCE PROGRAM EMPLOYER HANDBOOK**

## **UNEMPLOYMENT INSURANCE PROGRAM MISSION STATEMENT**

It is our mission to administer a program which provides short-term economic relief to eligible workers from a fund financed by employers. This program not only lightens the burden of unemployment upon the worker and the worker's family, but also helps local communities maintain a stable workforce and economy.

We provide this program with a commitment to truly serve the needs of employers and claimants; to continually improve service; and to seek excellence in all

we do.

**The Unemployment Insurance Program Is An Equal Opportunity Program.  
Auxiliary Aids and Services Are Available Upon Request  
To Individuals With Disabilities.**

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## I. INTRODUCTION

### What Is Unemployment Insurance?

Unemployment Insurance (UI) is a federal-state program developed in the 1930's. The program is designed to help stabilize the economy by preventing a sharp drop in consumer spending during periods of unemployment.

Unemployment Insurance is exactly as the name implies - insurance. Montana's UI program is financed by employers through a payroll tax. Unemployment Insurance benefits are paid to lighten the burden of unemployment to the unemployed individual, to maintain purchasing power in the community, and to allow laid off employees to remain in the area so they will be available for re-employment.



### Unemployment Insurance In The Department of Revenue?

**YES!!** In July, 1997, the Contributions (Tax) Bureau of the Unemployment Insurance Division merged with the Business Tax Bureau in the Department of Revenue. Our goal was to reduce employer paperwork and make it easier for employers to do business with us. The Bureau that is responsible for paying claimants (Benefits Bureau) remained with the Unemployment Insurance Division in the Department of Labor and Industry.

### Where Can I Get More Information About UI?

The Employer Handbook is designed to answer questions commonly asked by employers and to provide information about your rights and responsibilities under the Montana Unemployment Insurance (UI) law. It may not answer all your questions and does not cover all situations that may arise. If you need help, contact the UI program or the Field Representative nearest you. See page 22 for current phone numbers of all field representatives.

The UI program is administered by the Unemployment Insurance Division in the Department of Labor and Industry. A partnership between the Miscellaneous and Business Tax Division in the Department of Revenue and the Unemployment Division in the Department of Labor and Industry represents an effort to reduce paperwork and the number of contacts for Montana employers.

**Business Tax Bureau - Department of Revenue** - determines what employment must be covered and registers employers for unemployment insurance, state withholding, and old fund liability tax (OFLT), sets employer tax rates and collects taxes from employers. They provide answers and assistance to employers about the UI program.

**Benefits Bureau - Department of Labor and Industry** - determines if an unemployed individual is entitled to benefits, the amount of their entitlement, and determines when benefits are charged to an employer. They respond to questions about benefit claims.

**Exam Bureau - Department of Revenue** - Field Representatives are a good source of information about the UI program. They can provide you with information on UI laws and rules. They also audit employer records, register employers, collect unpaid taxes and obtain delinquent quarterly reports

from employers. The UI program has Field Representatives located in eight cities throughout Montana. You can find a list of Field Representatives at the end of this handbook. You can also reach them through your local Job Service office.

**Operations Bureau - Department of Revenue** - processes your quarterly reports, paper or electronic. They process your tax payments and enter all wage information on to master computer files.

**Administrative Services Bureau - Department of Revenue** - responsible for the collection of all reports and money due and maintains paper files on all employers reporting to the Unemployment Insurance program.

We rely on your ideas, information and cooperation to help us maintain an efficient and effective program. Please direct your questions, comments or suggestions to us at the telephone numbers listed above or write to us at:

**Department of Labor and Industry:**  
Unemployment Insurance Program  
Unemployment Insurance Division  
1327 Lockett  
PO Box 1728  
Helena MT 59624-1728  
FAX (406) 444-0629

**Department of Revenue:**  
Unemployment Insurance Program  
Miscellaneous & Business Tax Division  
125 No. Roberts  
PO Box 6339  
Helena MT 59624 - 6339  
FAX (406) 444-0629

### **Assistance for Business Clinics**

Each year the Unemployment Insurance Program, along with various other state and federal agencies, participates in Assistance for Business Clinics. These clinics are held in several locations throughout the state and provide information about employer reporting requirements and compliance issues affecting Montana employers. Registered employers will receive a notice in the mail telling when the clinics will be held, or you can call (406) 444-3834 for information.



### **New Employer Information “At a Glance”**

The information in this section applies to new employers who are classified as “experience rated” for Unemployment Insurance purposes. Most employers in Montana are classified as experience rated. If you are a governmental entity or a non-profit organization that qualifies under 501 C (3) of the Internal Revenue Code and elect to reimburse the Unemployment Insurance trust fund for benefits paid, please refer to Reimbursable Employer information on page 14 of this handbook.

**Taxable Wage Base** - is the amount of wages per employee that you are liable to pay tax on each year. You pay taxes on wages up to and including the taxable wage base for each employee. Once the individual employee's wages reach the taxable wage base for that year, you continue to report the employee's quarterly wages but you no longer pay taxes on their wages. You may have quarters

where half of your employees have met the wage base for the year and half have not. You will report all wages to us but only pay taxes on those employees who have not yet met the wage base. See pages 14 for more information and examples.

**Experience Rates For New Employers** - are determined based on the type of industry the business is in. As a new employer, you will be assigned the average rate assigned to your industry during the previous rate year. Your rate may change during the three year “experience” period because the average rate for your industry may change each year. If you have purchased an existing business, you and the previous owner may agree to transfer the prior owner's experience rate to your new account. See page 13 for more information.

**Administrative Fund Tax** - is an assessment applied to all employers subject to UNEMPLOYMENT INSURANCE and is due and payable with the quarterly wage reports. All experience rated employers pay 0.1% of taxable wages (up to the taxable wage base defined above).

**Quarterly Contribution and Wage Reports** - are mailed quarterly to each employer subject to Unemployment Insurance and are due (must be postmarked) by the last day of April, July, October and January. You must file a report even if you didn't pay any wages during the quarter. See page 7 for filing dates and page 8 for information on filing your wage and tax information electronically.

## II. COVERAGE

### Who Pays UI Taxes?

Employers. If you are an employer subject to the state unemployment insurance (UI) law, you are a "covered" employer and you, the employer, must pay UI taxes. It is against the law to take these taxes out of your employees' wages.

### How Do You Determine Which Employers Are Covered?

Any year you meet the reporting criteria for a covered employer, you must report all wages paid for the entire year (retroactively to January 1) and the next calendar year regardless of the amount. The Division determines you are a "covered" employer if you meet one or more of the following criteria:

- ◆ Your total annual payroll for the current or preceding calendar year equals or exceeds \$1,000.
- ◆ Total payroll is all wages paid to all employees before deductions.
- ◆ You acquired all or part of a business which is already subject to Montana Unemployment Insurance Law.
- ◆ You are subject under the Federal Unemployment Tax Act (FUTA).
- ◆ You employed agricultural workers and paid \$20,000 or more in cash for agricultural labor in any quarter during the current or preceding calendar year.
- ◆ You employed 10 workers in agricultural labor in 20 different weeks during the current or preceding calendar year.



- ◆ You employed domestic (or household) workers and paid \$1,000 or more in cash for these domestic services in any quarter during the current or preceding calendar year.
- ◆ You are a church or other religious organization and employ non-clergy employees. Ministers are excluded.

### **Are Governmental Entities Covered?**

YES. All state and local governmental entities must be covered by Unemployment Insurance.

### **Can I Get UI Coverage For My Workers Even If I'm Not A Covered Employer?**

YES. If you don't qualify as a covered employer but you want to get UI coverage for your workers, you may apply to the Unemployment Insurance Program. If the Department approves this coverage, you must continue to cover your employees for at least two calendar years.

### **What Wages Do I Report?**

You must report all payments made to employees for personal services rendered for part-time and temporary as well as full-time work. This includes but is not limited to:

- ◆ commissions and bonuses; (securities and insurance salespeople are reportable as of 1/1/98)
- ◆ payments to corporate officers (and all other employees of the corporation) and payments to managers of manager-managed limited liability companies;
- ◆ non-cash payments such as gifts, merchandise, board, room, etc. (report the actual value);
- ◆ deferred compensation, cafeteria plans and IRA payments (any portion deducted from employee's gross wages);
- ◆ payments for vacation, holiday and sickness;
- ◆ severance pay and back pay awards;
- ◆ tips (if the employer is required to maintain tip records by federal or state law) and other gratuities.

### **Is Everything I Pay My Employees Reportable As Wages?**

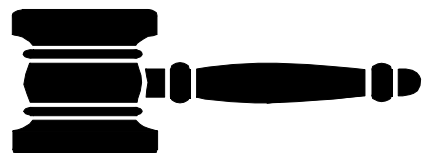
No. The more common types of exclusions are:

- ◆ wages paid to a *sole proprietor*, or a sole proprietor's family members who may be claimed as dependents (this includes stepchildren and foster children);
- ◆ Wages paid to working members of a partnership. Members of a member-managed limited liability company that has filed with the secretary of state and, partners in a limited liability partnership if they have filed with the secretary of state.
- ◆ commissions paid real estate sales people;
- ◆ salaries paid to elected public officials;
- ◆ payments (offered to all employees or to a specific class of employee) made by the employer to a plan established to pay for sickness and accident disability;

- ◆ payments made by the employer for retirement, medical or death benefits for the employee;
- ◆ amounts paid to certain cosmetologists and barbers leasing space in a licensed shop and floor covering installers if they are under contract and free from control.
- ◆ reimbursement by the employer of actual employee business expenses;
- ◆ corporate directors' fees (for attending meetings);
- ◆ a "direct seller":
  - \*who sells a consumer product, such as vacuum cleaners, cleaning products or cosmetics, at the customer's home;
  - \*whose pay is determined by the (quantity of) product sold; and
  - \*who works under a written contract that states the person will **not** be treated as an employee

### **Do I Have To Pay UI Taxes On Workers Who I Consider Independent Contractors?**

IT DEPENDS. Some employers exclude employees from their reports contending they are "independent contractors" and not employees. Court decisions and Division rulings have reinforced provisions of the law setting forth such services to be employment until "freedom from control or direction over performance" is shown and until it is shown they are "engaged in an independently established business of their own".



The laws and court decisions concerning independent contractors are very complex. If you are unsure, contact the Independent Contractor Central Unit (444-6530) or your local Field Representative listed on page 22. You may request the Division to furnish you with a written determination of which workers, if any, are considered self-employed. The Division will investigate the employment relationship before issuing a determination.

### **III. EMPLOYER RESPONSIBILITIES**

As a covered employer, you must keep records and file quarterly reports with the Unemployment Insurance Program.

#### **When Are My Quarterly Reports Due?**

To avoid penalty and interest charges, your quarterly wage report and payment must be postmarked by the following dates:

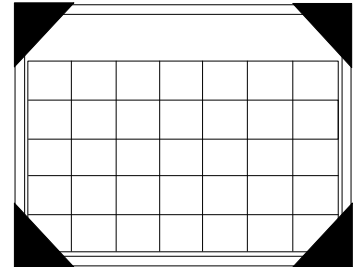
<b><u>Quarter:</u></b>	<b><u>Report Covering:</u></b>	<b><u>Postmarked By:</u></b>
1st Qtr.	January, February, March	April 30
2nd Qtr.	April, May, June	July 31
3rd Qtr.	July, August, September	October 31
4th Qtr.	October, November, December	January 31

### **I Didn't Pay Any Wages This Quarter. Do I Still Have To File A Quarterly Report?**

YES. You should state on your report that you paid no wages during the quarter.

### **If I Pay My Contributions Late, Will I Be Penalized?**

YES. If you do not pay your taxes by the due date you will be charged a penalty of \$10 or 10%, whichever is greater, of the total taxes due. If you don't pay your taxes within 30 days after the due date, your penalty will increase to \$15 or 15%, whichever is greater. In addition to the penalties, you will be charged interest of 1.5% per month, computed daily.



If you don't file your quarterly reports by the due date, the UI Program may issue a subpoena to obtain the reports or issue a delinquent assessment estimating the wages paid and the taxes due. If the UI program takes either of these actions against you, you will be charged an additional \$40 penalty.

### **Where Do I Get Quarterly Report Forms?**

The UI Program will mail your quarterly report form to you about one week before the end of each quarter. The form has your name, address, account number and rate printed on it.

If you don't receive your quarterly wage report form by the first week of the month the report is due, contact the Business Tax Bureau (444-3834) and we will mail one to you.

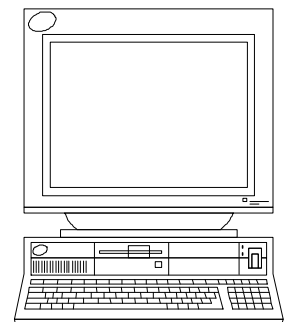
### **Do I Have The Right To Contest A Decision Made By The Department?**

**YES.** You have 10 days after the department mails a determination to file an appeal. For information on how to file an appeal, contact the person who signed the determination letter immediately. All appeals except Independent Contractor (IC) appeals will be processed in the Department of Revenue. IC appeals will be processed in the Department of Labor and Industry.

### **Do I Have To Use Your Quarterly Forms to Report Information ?**

**NO.** You may report that information electronically using magnetic tape, cartridge, diskette, modem, or computer printout. If you report via electronic media, you will receive a payment coupon each quarter rather than the quarterly form. You must return the payment coupon each quarter with the payment attached.

UI encourages employers to file their quarterly report information in electronic format rather than paper forms. Using electronic media will save time for both you and the agency in processing your report, and will result in more accurate wage information in our files. Call 444-4269 for further information and electronic specifications.





If you use a computer printout to report, the information must be printed in the following order for each employee:

<u>Employee's Soc. Sec #</u>	<u>Employee's Name</u>	<u>Wages This Quarter</u>	<u>Excess Wages</u>
123-45-6789	Sandy Doe	\$5000	none

### **What Records Do I Have To Keep?**

To be prepared for an audit, you must keep a record of:

- ◆ the beginning and ending date of each pay period;
- ◆ the total wages paid during each pay period;
- ◆ employee expense reimbursements;
- ◆ the method of payment;
- ◆ the number of employees on the 12th of each month and total number of employees each quarter;
- ◆ Articles issued by the Secretary of State;
- ◆ each employee's name, social security number and wages for each pay period;
- ◆ the date each employee was hired, rehired or returned to work after a temporary lay-off;
- ◆ the date an employee was terminated; and the cause of the termination.

There is a complete explanation of the records you must keep in Section 24.11.701 of the Administrative Rules of Montana. For a copy of these rules or if you have questions, please call the Exam Bureau of the Department of Revenue.

Your records must be available for inspection by the Department or its' authorized representative. A Field Representative may audit your records. The purpose of an audit is to see that your quarterly reports are being filed correctly and that you are complying with the law. The field representatives will also answer your questions and help you understand the UI program.

If you need to correct a report you have already mailed, please send a corrected copy, an explanation of the correction and the name of a person we can contact to the Business Tax Bureau in the Department of Revenue.

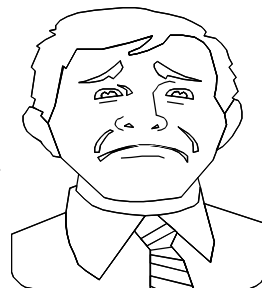
### **If I Declare Bankruptcy, Do I Still Have To Pay My UI Taxes?**

YES. UI taxes that were due within three years prior to the filing of the bankruptcy petition are not dischargeable under the United States Bankruptcy Code. You will still be liable for all UI taxes due.

## **What If I Withhold or Submit False Information?**

If you withhold information or give false information to prevent or reduce benefit payments to anyone entitled to benefits, you may be **fin**ed, **imprisoned** or **both**.

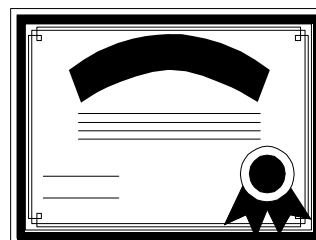
You may also be fined, imprisoned or both if you attempt to reduce any tax or payment required by the Division, fail or refuse to pay your taxes, refuse to furnish required reports, or if you refuse inspection or copying of your records as required by UI Law.



Additionally, if you do not file a report or if your report is incomplete or inaccurate, the Program may estimate wages paid based on available information. The Program may then collect the taxes, penalties and interest due based on this information.

## **I'm a Contractor. Do I Need a Certificate of Coverage?**

YES. If you are a prime contractor (who is an employer under Montana Unemployment Insurance Law) you are responsible for insuring your subcontractors are in full compliance with all Unemployment Insurance Laws when the contract is complete. If you contract with a subcontractor who is an employer, you must withhold enough money from the contract to be sure the subcontractor complies with these provisions. If your subcontractors are not in compliance when the contract is complete, you are responsible for all taxes, penalties and interest that are due.



As a subcontractor who is an employer, you must furnish the prime contractor a certificate stating that your UI account is current. You must present this certificate before receiving final payment on that job.

You can get a certificate from the Business Tax Bureau of the Department of Revenue or by calling (406) 444-3606.

## **IV. TAX RATES**

### **I'm A Covered Employer. What UI Taxes Do I Pay?**

IT DEPENDS. There are four types of covered employers: “New” employers, Experience-Rated employers, Reimbursable employers and State and Local Government employers.

### **What Is A New Employer? What Taxes Do They Pay?**

A "new employer" is an employer who has been doing business in Montana for less than three complete Federal Fiscal years (October 1, to September 31). Experience rated employers pay “new” employer rates for three years while they build up “experience” with the Unemployment Insurance

program. New employer rates are the average rates paid during the previous year by employers operating the same type of businesses as the new employer. New employers do not keep the same rate during the three year “new employer” period because their industry average may change.

### **What Is An Experience-Rated Employer? What Taxes Do They Pay?**

If you are a private, for profit employer, you are experience-rated and you must pay all three of the following UI related taxes:

1. State Unemployment Insurance Contributions: The Program can only use this tax to pay benefits to qualified individuals. We cannot use this tax money to run the UI Program. All money we collect from this tax is deposited into the UI Trust Fund.
2. Administrative Fund Tax: This tax is assessed to help fund Department of Labor and Industry operations, including local Job Service offices. For experience-rated employers, this tax is .1% (.001) of taxable wages. This tax is due each quarter and is computed by applying the tax rate to each quarter's total taxable wages.
3. Federal Unemployment Tax Act (FUTA) Tax: This tax is paid directly to the Internal Revenue Service (IRS) to help finance the cost of running the state UI and Job Service (JS) programs.

### **How Do You Decide What My Rate Will Be Each Year?**

If you are a private, for profit employer, your tax rate is based on the contribution rate schedule and your reserve ratio.



The Contribution Rate Schedule determines the range of contribution rates which are assigned to all employers each calendar year. This is based on the ratio of the UI Trust Fund balance to total wages paid in covered employment for the state fiscal year.

$$\text{Trust Fund Balance/Total Covered Wages} = \text{Ratio}$$

The schedule in effect for the year is decided by this ratio (see the rate schedule on page 13).

To compute your reserve ratio for the current calendar year we subtract the benefits charged to your account (beginning October 1, 1981, through September 30th of the prior year) from the contributions you have paid during the same period. We divide this amount (reserve) by your average annual taxable payroll for the last three completed federal fiscal years (October 1 - September 30). This amount is your reserve ratio. We compute your reserve ratio yearly.

$$\text{Contributions paid} - \text{Benefit charges} = \text{Reserve}$$

$$\text{Reserve/Average taxable payroll} = \text{Reserve Ratio}$$

You are assigned a rate class based on your reserve ratio. Your contribution rate is determined by

comparing your reserve ratio to all other employers' reserve ratios. The highest positive reserve ratio is assigned the lowest contribution rate.

### **Is There Only One Type Of Experience-Rated Account?**

NO. For rating purposes, there are three types of experience-rated accounts - Eligible, Deficit and New.

**ELIGIBLE** - An eligible employer is an employer who has been subject (covered) for the three fiscal years ending September 30 immediately preceding the computation date, and has:

- ◆ 1. filed all required quarterly payroll reports;
- ◆ 2. paid all taxes, penalties and interest;
- ◆ 3. established a positive record (paid more in contributions than they have had benefits charged to their account); and,
- ◆ 4. paid wages in at least 1 of the 8 calendar quarters preceding the computation date.

◆  
**DEFICIT** - A deficit employer is a covered employer who has more benefits charged to (paid out of ) their account than they have paid in contributions.

**NEW** - A new employer is a covered employer who has not been subject for the three fiscal years immediately preceding the computation date and has established a positive record. New employer rates are the average contribution rate for employers in their industrial classification.

### SCHEDULE OF CONTRIBUTION RATES

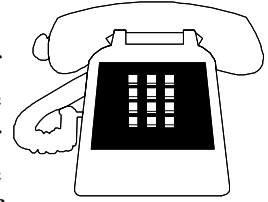
	I	II	III	IV	V	VI	VII	VIII	IX	X
Minimum Ratio of Fund to Total Wages:	(.0260)	(.0245)	(.0225)	(.0200)	(.0170)	(.0135)	(.0095)	(.0075)	.0050)	(...)
Average Tax Rate:	1.4	1.6	1.8	2.0	2.2	2.4	2.6	2.8	3.0	3.2
Rate Class	<b>Contribution Rates for Eligible Employers</b>									
<b>1</b>	0.0%	0.1%	0.3%	0.5%	0.7%	0.9%	1.1%	1.3%	1.5%	
1.7%										
<b>2</b>	0.1	0.3	0.5	0.7	0.9	1.1	1.3	1.5	1.7	2.1
<b>3</b>	0.3	0.5	0.7	0.9	1.1	1.3	1.1.5	1.7	1.9	2.1
<b>4</b>	0.5	0.7	0.9	1.1	1.3	1.5	1.7	1.9	2.1	2.3
<b>5</b>	0.7	0.9	1.1	1.3	1.5	1.7	1.9	2.1	2.3	2.5
<b>6</b>	0.9	1.1	1.3	1.5	1.7	1.9	2.1	2.3	2.5	2.7
<b>7</b>	1.1	1.3	1.5	1.7	1.9	2.1	2.3	2.5	2.7	2.9
<b>8</b>	1.3	1.5	1.7	1.9	2.1	2.3	2.5	2.7	2.9	3.1
<b>9</b>	1.5	1.7	1.9	2.1	2.3	2.5	2.7	2.9	3.1	3.3
<b>10</b>	1.7	1.9	2.1	2.3	2.5	2.7	2.9	3.1	3.3	3.5
Rate Class	<b>Contribution Rates for Deficit Employers</b>									
<b>1</b>	3.2%	3.4%	3.6%	3.8%	4.0%	4.2%	4.4%	4.6%	4.8%	
5.0%										
<b>2</b>	3.4	3.6	3.8	4.0	4.2	4.4	4.6	4.8	5.0	5.2
<b>3</b>	3.6	3.8	4.0	4.2	4.4	4.6	4.8	5.0	5.2	5.4
<b>4</b>	3.8	4.0	4.2	4.4	4.6	4.8	5.0	5.2	5.4	5.6
<b>5</b>	4.0	4.2	4.4	4.6	4.8	5.0	5.2	5.4	5.6	5.8
<b>6</b>	4.2	4.4	4.6	4.8	5.0	5.2	5.4	5.6	5.8	6.0
<b>7</b>	4.4	4.6	4.8	5.0	5.2	5.4	5.6	5.8	6.0	6.2
<b>8</b>	4.6	4.8	5.0	5.2	5.4	5.6	5.8	6.0	6.2	6.4
<b>9</b>	4.8	5.0	5.2	5.4	5.6	5.8	6.0	6.2	6.4	6.4

### **I Bought An Established Business. Do I Have To Wait Three Years To Get My Own Experience Rating?**

**NO.** If you acquire a business you can apply to have the experience rating record of the previous employer transferred to you. You and the previous employer must apply jointly within **90** days of the date you acquire the business. Contact the Business Tax Bureau to find out if it would be beneficial for you to have the experience rating record transferred. If the previous and new owners have not filed all the required wage reports or paid all assessments due, all the delinquencies must be satisfied before we can assign you a rate based on the previous owner's experience. If the new ownership and/or management of the business is substantially the same as the prior ownership and/or management, you will assume the prior owner's contribution rate.

## Can I Do Anything To Control My Contribution Rate?

When your former employee files a claim for unemployment insurance benefits, you will be sent a Potential Benefit Charge Notice. If the employee left work for reasons other than lack of work, return the notice to the Benefit Bureau in the Department of Labor and Industry stating the reason the claimant left your employ. You will receive a determination telling you if your account will be charged. If you are found chargeable, you will also receive a Statement of Benefits Paid each quarter. If time is running out **CALL US!** Also, you can avoid a penalty rate (equal to 150% of your assigned experience rate) simply by filing all reports and payments timely. See page 7 for filing dates.



## As An Experience-Rated Employer Do I Have To Pay Taxes On All The Wages I Pay To My Employees?

**IT DEPENDS.** You must report all wages you pay to your employees on your quarterly report, but you only pay taxes on wages you pay each employee up to and including the Taxable Wage Base. The taxable wage base is listed in the upper left hand corner of the quarterly report form and may change from year to year. Any wages you pay an employee over the taxable wage base are considered **Excess Wages**. The Taxable Wage Base for 1997 was \$16,000 and for 1998 it is \$16,500. The example below illustrates taxable wages vs. excess wages, using the 1998 wage base.

If we have transferred the experience rating record of a previous employer to your account, you can use the amount of wages paid by the previous employer in the calculation of your excess and taxable wages. This can only be done for the year the experience was transferred.

### Computing Excess Wages per Employee

Quarter	Total Wages Paid in Qtr.	Total Wages Paid to Date	Taxable Wages	Excess Wages
First	\$6,000	\$6,000	\$6,000	\$ 0
Second	6,000	12,000	6,000	0
Third	6,000	18,000	4,500	1,500
Fourth	6,000	24,000	0	6,000

## What Is A Reimbursable Employer? What Taxes Do They Pay?

Some non-profit organizations may choose to reimburse the UI Trust Fund for benefit payment costs. For a non-profit organization to be a reimbursable employer, it must meet the criteria defined in the Internal Revenue Code (IRC), Section 501(c)(3), provide the UI program with copy of the Internal Revenue Service (IRS) exemption letter and apply to the UI program for approval. For more information on the IRS code, please contact the IRS office at 1-800-829-1040.

As a reimbursable employer, you must pay into the UI Trust Fund an amount equal to the benefits charged to your account. You will be charged for all benefits paid to former employees regardless of the reason they left your employment. Benefit charges are prorated according to the percentage

of wages you paid to the total wages in the claimant's base period.

**Example** Your employee, Jane Doe, is offered a better-paying job with your competitor. She quits your employ and accepts the job with your competitor. Your competitor's business suffers a set back and Jane is laid off. She files for unemployment insurance benefits and is found eligible. You paid Jane 64% of the total wages she received during her base period. Your account is charged for 64% of the benefits paid to Jane even though she quit your business.

We can only relieve benefit charges to a reimbursable employer if there has been no change in the employment.

**Example:** If an individual had two jobs, one of them with a private, for-profit employer and the other a reimbursable employer, and was laid off from the private employer, the reimbursable employer would not be charged for the benefits paid *unless the reimbursable employer also reduced the claimant's hours.*

You must advise us if there has been no change in employment for the charges to be relieved.

Reimbursable employers must submit quarterly wage reports and pay a .05% (.0005) Administrative Fund Tax on total wages paid each quarter. We will notify you monthly of the benefits charged to your account and you may pay these monthly or pay the entire quarterly charges within thirty days following the end of the quarter.

### **What Is A Governmental Employer? What Taxes Do They Pay?**

Governmental entities may also choose coverage as a reimbursable employer, or may choose to make tax payments based on the government experience rating system where their tax rate is applied to total wages. Governmental entities also pay a .05% (.0005) Administrative Fund Tax on total wages paid each quarter.

If a claimant is eligible for benefits, governmental employers who paid wages to the claimant during the base period receive charges against their account for benefits regardless of the reason the claimant left the employment. Benefit charges are prorated according to the percentage of wages paid by the governmental entity to the total wages in the claimant's base period.

We can only remove benefit charges from a governmental employer if there has been no change in the employment.

**Example:** If an individual had two jobs, one of them with a private, for-profit employer and the other a governmental employer, and was laid off from the private employer, the governmental employer will not be charged for the benefits paid if you advise us that there has been no change in employment.

## V. BENEFITS

### Do You Use A Claimant's Entire Work History To Calculate Benefits?

**NO.** Benefits are based on the wages a claimant earned during a certain period of time - ***THE BASE PERIOD***. The base period is the *first four of the last five completed calendar quarters* at the time you file your initial claim for benefits.

The Claimant's Base Period is the shaded area below, If the claim is filed in quarter indicated:

Oct Nov Dec	Jan Feb Mar	Apr May June	July Aug Sept		Jan Feb Mar		
➡	Jan Feb Mar	Apr May June	July Aug Sept	Oct Nov Dec		Apr May June	Claims Filed Here ☞
Have This Base Period		Apr May June	July Aug Sept	Oct Nov Dec	Jan Feb Mar		July Aug Sept
			July Aug Sept	Oct Nov Dec	Jan Feb Mar	July Aug Sept	Oct Nov Dec

### How Do Claimants Qualify to Receive Benefits?

A claimant may qualify for benefits one of two ways: a claimant must have earned at least 50% of the average annual wage; or a claimant's total base period wages must be at least 1.5 times the wages earned in the highest

quarter (of the base period) and total wages equal to or greater than 7% of the average annual wage. The weekly benefit amount is equal to either 1% of the total base period wages or 1.9% of the wages in the two highest quarters of the base period (whichever is higher). Minimum and maximum weekly benefit amounts are set by law. The maximum potential benefits a claimant may receive depends on the ratio of high-quarter earnings to total base period earnings.



## **Do All Unemployed Workers Receive Benefits?**

**NO.** To qualify for unemployment insurance benefits, a claimant must:

- ◆ have earnings of at least 1.5 times the wages earned in the highest quarter of the base period (base period defined on page 16) and total wages equal or greater than 7% of the average annual wage, or
- ◆ have earnings of at least 50% of the average annual wage. (The average annual wage is computed in May for use in the upcoming fiscal year.)

**And:**

- ◆ be working less than 40 hours per week and earning less than twice their weekly benefit amount;
- ◆ be physically and mentally able to work;
- ◆ have no restrictions that would unduly restrict their availability to work;
- ◆ conduct an active search for work;
- ◆ be registered for referral to job openings with their local Job Service;
- ◆ not refuse to accept an offer of suitable work.

If you were the claimant's last employer, or if you employed the claimant in the previous six weeks, you will receive a Separation Notice. You have **10 DAYS** to respond to this notice. It is important that you respond to all notices you receive from the Department as it may affect your tax rate.

## **If I Fire Someone For Misconduct, Will They Receive Benefits?**

**PROBABLY NOT.** Not if a claims examiner determines that the reason the employee was discharged meets the definition of "misconduct" under Montana Unemployment Insurance Law and Administrative Rules. If misconduct is found, the individual is disqualified from receiving benefits until returning to work (in other than self-employment) and earning eight times the weekly benefit amount. To be considered misconduct, the individual must have had control over the situation and the behavior must have had an adverse affect on your business interests. These interests might be the good will of customers, business reputation, business costs and efficiency, morale of other employees, honesty, trust and loyalty.



Inefficient or poor work performance, good faith errors in judgement or discretion and mistakes or simple negligence are not misconduct.

## **If The Claimant Requalifies After A Finding Of Misconduct, Will I Be Charged For Benefits?**

**NO.** If the claimant you fired for misconduct requalifies by earning eight times the weekly benefit amount, your account will not be charged. This only applies to experience-rated accounts. Reimbursable and governmental accounts are charged regardless of the reason for separation.

## **Is An Employee Who Quits Without A Good Job-Related Reason Eligible For Benefits?**

**NO.** If we find the claimant left your employ without good cause attributable to, or the fault of, the employment, the claimant is disqualified from receiving benefits until earning six times the weekly benefit amount (in other than self-employment). If the claimant does requalify, your account will not be charged. A claimant cannot leave a job for “good personal cause” and be eligible for benefits.

## **Do Claimants Have To Look For Work While Receiving Benefits?**

**YES,** except for those who are job-attached to a particular employer, are paid-up, active members of a union that operates an exclusive hiring hall, or those who are participating in training approved by the department. To receive benefits a claimant must actively look for suitable work. To determine whether or not work is suitable for a claimant, the UI Program considers such factors as:



- ◆ the degree of risk to the claimant’s health, safety, and morals;
- ◆ physical fitness;
- ◆ prior training;
- ◆ experience;
- ◆ previous earnings;
- ◆ the length of unemployment and the prospects for finding work in the claimant’s customary occupation, and;
- ◆ the distance of the available work from the claimant’s residence.

If a claimant refuses a job and the job is vacant because of a strike, lockout or other labor dispute, state law prevents us from denying benefits to the claimant. State law also prevents us from denying benefits if the hours or working conditions are substantially less favorable than those prevailing for similar work in the area, or if as a condition of employment, the claimant must join a company union or must resign from or refrain from joining any bona fide labor organization.

When a claimant has drawn benefits for 13 weeks, suitable work is defined as work which offers 75% of earnings in the claimant’s previous customary occupation. No one is required to accept work at less than the federal minimum wage.

If a claimant refuses suitable work without good cause, the claimant is disqualified from receiving benefits until earning six times the weekly benefit amount in other than self-employment. Also, the claimant’s maximum benefit amount is reduced by six times the claimant’s weekly benefit amount.

## **Can a Claimant Work Part-time And Still Receive Unemployment Benefits?**

**YES.** A claimant can earn up to twice their weekly benefit amount and still draw partial benefits. Partial benefits are intended to give a claimant incentive to accept less than full-time work while they are looking for full-time employment.

## **One Of My Part-Time Employees Is Receiving Benefits. Am I Being Charged?**

**NO.** If you haven't reduced the employee's wages or hours, you will not be charged for any benefits the claimant receives.

## **If A Claimant Worked For More Than One Employer During The Base Period, Which Account Is Charged For The Benefits?**

Each employer in the claimant's base period is charged. The amount each employer is charged is based on the percentage of wages paid by the employer compared to the total wages paid by all employers in the claimant's base period. Experience-rated employers will not be charged if the claimant left work without good cause attributable to the employment, was discharged for misconduct, is enrolled in training approved by the Department, or if the employer continues to employ the claimant with no reduction in hours or wages.

## **How Will I Know If I'm Being Charged For Benefits?**

If a claimant files for benefits and you were one of the claimant's base period employers, you will receive a Potential Benefit Charge Notice. (If you are a reimbursable or governmental employer you will not receive a notice of potential charge.) If the reason the claimant no longer works for you is lack of work, you don't need to return the notice. If the reason is other than lack of work, it is important that you return the notice within **10 DAYS**. State the reason for separation. Please include specific details of the separation and copies of any documentation that is pertinent.



After all information is received and the claim is reviewed, a Claims Examiner will issue a decision. You will receive a determination notice telling you if your account will be charged.

Chargeable, experience-rated employers will receive a statement of benefits paid about 20 days after the end of each calendar quarter. The statement lists the claimant's name, social security number, the date on which the claim became effective and the amount of benefits charged. The employer has **30 DAYS** from receipt to protest the amounts of benefits charged on the statement.

If you were the claimant's last employer you will also receive a Notice of Determination telling you if the claimant is eligible for benefits.

## **What Can I Do To Help You Make A Fair Determination?**

Follow good personnel practices, such as:

- ◆ document personnel policies;
- ◆ make sure employees are aware of the policies;
- ◆ make sure you give employees a chance to correct poor performance and improve;
- ◆ provide specific separation information to the Benefits Bureau. For example, don't say "poor performance", say "he ruined a batch of milk by dumping lye in it";
- ◆ provide the Bureau with copies of any disciplinary actions and the policies which were violated;

and

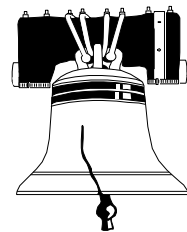
- ◆ provide witness statements for collaboration when it is the employer's word against the claimant's.

### **I Think The Determination Is Wrong. What Can I Do?**

You can write a letter stating the specific reasons you think the determination is wrong. You must file your request for redetermination within **10 DAYS** of the date the decision was mailed. Additional time will be allowed if you can prove good cause for the delay. When you request a redetermination, a Claims Examiner reviews the file for any additional information and will issue a redetermination. All appeals except Independent Contractor (IC) appeals will be processed in the Department of Revenue. IC appeals will be processed in the Department of Labor and Industry.

### **I Think The Redetermination Is Wrong. What Do I Do Now?**

**APPEAL.** You can write a letter giving the specific reasons you think the redetermination is wrong. Again, you must request an appeal within **10 DAYS** of the date the redetermination was mailed. A hearing will be scheduled before an appeals referee. These hearings are usually held by telephone. Both you and the claimant will have a chance to be heard. You will receive a copy of the Appeals Referee's decision in the mail.



### **I Think The Appeals Referee's Decision Is Wrong. Is There Anything Else I Can Do?**

**YES.** You can request a hearing before the Board of Labor Appeals. Contact your local Job Service Office for information. The Board's decision is final unless you appeal to District Court within **30 DAYS** of the date the decision was mailed.

### **Is There Anything I Can Do To Help Prevent Claimants From Collecting Benefits They're Not Entitled To?**

**YES.** One of the ways you can help is by returning any wage verification forms you receive. Every calendar quarter the Claims Investigation Unit sends forms to selected employers checking to see if the wages reported by claimants match the wages reported by employers. If a conflict is found, further investigation is conducted to see if criminal prosecution is needed. **It is important you return these forms to the Benefits Bureau. This is the best method we have to discover claimant abuse of the U.I. system. The money we collect from overpayments is returned to the Trust Fund. Employer tax rates may be affected if these abuses are not discovered.**

## **Quality Control - What Is It?**

Quality Control (QC) is a program designed to help prevent error and abuse in the UI program. Each week QC randomly selects paid weeks of unemployment for audit. One of our QC investigators contacts employers to verify:

- ◆ the claimant's past or present wages;
- ◆ if the claimant inquired about or applied for work with the employers listed on the work search form; and,
- ◆ if the reason the claimant listed for becoming unemployed or working reduced hours is correct.

Better detection, prevention and collection of improper benefit payments results in reduced benefits cost and lower employer taxes. You can help by:

- ◆ responding to requests for information;
- ◆ providing the information promptly;
- ◆ attending UI appeal hearings when requested.

If you have questions about the Quality Control Program, please call or write the Quality Control Section, Department of Labor and Industry, Unemployment Insurance Program, P. O. Box 1728, Helena, MT 59624. Telephone (406) 444-2670.

## FIELD REPRESENTATIVES

### Eastern Region Field Offices

#### Doug Peterson - Supervisor

**247-1032**

**Billings**  
**624 No. 24<sup>th</sup> Street**  
**Billings, MT 59104-1029**

Diane Bianchi  
Mary Bernhardt  
Jim Moody  
**FAX**

247-1031  
247-1033  
247-1034  
**247-1039**

**Bozeman**  
**151 Evergreen Drive Ste E.**  
**Bozeman, MT 59715-2487**

Lee Johnson  
Tom Brodowy  
**FAX**

522-7330  
585-7703  
**587-9726**

**Glasgow**  
**238 2nd Ave. South**  
**Glasgow, MT 59230-2313**

Kay Haugenoe  
**FAX**

228-9369  
**228-8793**

**Great Falls**  
**219 5<sup>th</sup> Street South, Ste F**  
**PO Box 1508**  
**Great Falls, MT 59403-1508**

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Amy Everaert  
**FAX**

791-5883  
791-5871  
**727-2237**

### Western Region Field Offices

#### Mel Stewart - Supervisor

**542-5788**

**Missoula**  
**1610 So. 3<sup>rd</sup> St. West STE 105**  
**Missoula MT 59801-9012**

Scott Moothart  
Sylvia Headly  
**FAX**

542-5787  
542-5784  
**543-6523**

**Kalispell**  
**690 No. Meridian RD Ste 206**  
**Kalispell, MT 59901-3508**

Willa Manger  
VACANT  
**FAX**

752-4660  
257-0261  
**257-0687**

**Butte**  
**2201 White Blvd.**  
**Butte MT 59701-3829**

John Ricker  
**FAX**

494-0306  
**494-5481**

**Helena**  
**P.O. Box 5805**  
**Helena MT 59604-5805**

Russ Trasky  
**FAX**

444-1935  
**444-4999**



## Montana Job Service Locations

Anaconda	307 East Park 59711	563-3444
Billings East	624 N. 24th St. 59101	248-7371
Billings West	2121 Rosebud Dr. 59102	652-3080
Bozeman	121 N. Willson 59715	586-5455
Butte	206 W. Granite 59703	782-0417
Cut Bank	20 South Central 59427	873-2191
Dillon	730 N. Montana 59725	683-4259
Glasgow	238 Second Ave. S. 59230	228-9369
Glendive	211 S. Kendrick 59330	365-3314
Great Falls	1018 7th St. S. 59405	791-5800
Hamilton	333 Main St. 59840	363-1822
Havre	416 First St. 59501	265-5847
Helena	715 Front St. 59601	447-3200
Kalispell	427 First Ave. E. 59901	758-6200
Lewistown	300 1st Ave. N. 59457	538-8701
Libby	120 W. 5th St. 59923	293-6282
Livingston	228 S. Main 59047	222-0520
Miles City	12 N. 10th St. 59301	232-1327
Missoula	539 S. Third St. W. 59806	728-7060
Polson	417 Main St. 59860	883-5261
Shelby	402 First St. S. 59474	434-5161
Sidney	120 South Central 59270	482-1204
Thompson Falls	608 Main St. 59873	827-3472
Wolf Point	217 3rd Ave. S. 59201	653-1720



## **Important Employer Phone Numbers:**

<b>Registration for UI, Withholding, OFLT</b>	<b>(800)-550-1513</b>
<b>Unemployment Insurance Contributions</b>	<b>(406)-444-3834</b>
<b>FAX</b>	<b>(406)-444-0629</b>
<b>TDD</b>	<b>(406)-444-2830</b>
<b>Unemployment Insurance Benefits</b>	<b>(406)-444-3783</b>
<b>FAX</b>	<b>(406)-444-2699</b>
<b>TDD</b>	<b>(406)-444-0532</b>
<b>Department of Revenue State Withholding</b>	<b>(406)-444-3388</b>
<b>Regional Phone Claims Centers</b>	
<b>Billings</b>	<b>(406)-247-1000</b>
<b>Helena</b>	<b>(406)-444-9800</b>
<b>Workers' Compensation - Regulations</b>	<b>(406)-444-6530</b>
<b>Workers' Compensation - toll free</b>	<b>(800)-332-6102</b>
<b>Secretary of State</b>	<b>(406)-444-2034</b>
<b>Internal Revenue Service - toll free</b>	<b>(800)-829-1040</b>
<b>State Compensation Insurance Fund</b>	<b>(406)-444-7711</b>
<b>Internal Revenue FUTA Certifications</b>	<b>(800)-550-1513</b>
<b>Contractor Registration</b>	<b>(406)-444-6530</b> <b>Option 2</b>
<b>Independent Contractor Central Unit.</b>	<b>(406)-444-6530</b> <b>Option 3</b>
<b>Professional Employer Organization Registration</b>	<b>(406)-444-6532</b>
<b>Claims Investigation</b>	<b>(406)-444-3783</b>

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